

etoy prepares to mark toy war anniversary

By Alice Ratcliffe

ZURICH, Sept 10 (Reuters) - Forget the Art of the Deal. etoy, a group of European artists whose main space is the Internet, prefers art as THE deal.

"The idea is basically, instead of a manifesto, we have a business plan," explained etoy.ZAI, who is "Chief Executive Officer" of the group, a kind of digital artists' collective.

The group of 20-somethings -- motto "leaving reality behind" -- gained cult status last Christmas when U.S. online toy retailer eToys.com tried to shut it down amid fears customers might be misled by its similar-sounding website name.

It has gradually changed from a paramilitary-looking bunch of "agents" all dressed in orange, into something confusingly similar to a "corporation" run by young guys in suits -- albeit a company with no tangible products or services.

Now it plans a "restructuring" and has filed registration of a tax-exempt company in the Cayman Islands as it prepares to mark the first anniversary of the "toy war", etoy.ZAI said.

It also wants to set up "a virtual operational etoy.HEADQUARTERS" in the self-proclaimed "Principality of Sealand", an abandoned military platform in the North Sea off the English coast.

etoy collectors include upstanding and serious people, and etoy's work has received applause from various quarters, including an electronic arts festival in Linz, Austria.

THE FIRST SHOT IN THE TOY WAR...

The first shot in the toy war was fired in September, 1999, when eToys.com filed a lawsuit, alleging its customers were being misled by the etoy website, etoy.ZAI said.

Visually it is hard to confuse the two. Instead of Barbie dolls and Harry Potter accessories, etoy's site currently features moving cargo containers with corporate-like rubrics: "newsroom," "businessplan" and "shareholders".

For a while the tide appeared to favour eToys.com, which succeeded in briefly shutting down etoy's site. Then etoy supporters, or "soldiers", bombarded eToys.com's server, often with e-mails, for short bursts. etoy.ZAI said the U.S. Securities and Exchange Commission (SEC) got into the act, perhaps because of etoy's "shares" which exist since an initial public offering in 1998. Former Austrian Chancellor Viktor Klima bought the first one.

A spokesman for the SEC declined to confirm or deny if the agency had ever sought information on etoy. "The good thing about us is that we are so complicated, that eToys.com had to spend a lot of money just to figure out what we are," etoy.ZAI said.

Eventually a truce was called in the toy war.

A lawyer for etoy described the situation today as "basically (a) settlement (which) tried to put everybody back to the status quo where it was before the whole thing started".

Jonathan Cutler, manager of communications at eToys.com, said that "people in the community told us that they want the art of etoy and the commerce and content of eToys to co-exist peacefully on the world wide web, and that is what we did. The matter is behind us and we continue to wish etoy the best in their future endeavours".

UPBEAT FOR THE FUTURE OF ETOY

In a natty suit and tie, etoy.ZAI, 26, nearly blends in with the business crowd lunching at a Zurich restaurant. Or would, apart from a bright sponsorship logo on his jacket.

etoy's core comprises a three-member management, alongside five to 20 "staff", all called "etoy". An extreme case of corporate identity? Or subversion of the idea of the individual artist-as-loner-genius?

"The art market also functions through brands. But the brands up to now are individual artists," said etoy.ZAI.

The group was formed in 1994 when most members were students. Fixed assets include four orange etoy cargo containers.

Like many a "start-up," CEO etoy.ZAI said he isn't making much money with etoy. There is a vague outlook for revenues.

etoy sells -- or appears to sell -- items on the web, including an "etoy.TANK" for \$600,000.

The toy war could have had strange implications for art and commerce if etoy had taken eToys.com's offer to settle for 7,000 of its shares and \$50,000 in cash, a deal valued last November at nearly \$520,000.

Had etoy accepted, collectors would suddenly have found their art investment converted into a stake in a real toy retailer.

It would be an odd twist for a group which seeks to ensure the things it produces are mostly easily copied, although it does produce giant aluminium "shares" for collectors.

The U.S. collector Robert Shiffler has bought an etoy "share" for his private art collection, and the non-profit Robert Shiffler Foundation also has one.

Etoy is also creating a banner for its website "bobsart.com" as a service to one of its major investors.

Japanese venture capitalist Joichi Ito, an etoy shareholder, told Reuters in an e-mail: "I loved their concept and their spirit and thought that the 'shares' were a very novel and exquisitely twisted way to raise money for art".

Ito also backs Sealand, the new focus of etoy "offshore" operations. Originally set as up to guard the mouth of the river Thames during World War Two, it was abandoned before being occupied by former British major Paddy Roy Bates in 1967.

Apart from having no land, Sealand has many attributes of a real offshore haven: a coat of arms, postage stamps featuring its rulers Prince Roy and Princess Joan, a constitution, flag, and national anthem. It is not recognised by Britain.

Does etoy's next move suggest political aspirations?

"We don't have much to do with real politics," said etoy.ZAI, adding with properly confusing business logic: "What we are selling in the end is a story."